

# Minutes

Seattle City Employees' Retirement System  
Regular Board Meeting

Wednesday, November 2, 2011 – 9:00 a.m.  
Pacific Building, 9<sup>th</sup> Floor

**Present:**  Jean Godden  Glen M. Lee  Rod Rich  Robert Harvey, Jr.  David Stewart  
 Lou Walter via telephone  Jean Becker

**Others Present:** Carlton Seu, Esq., CAO; Mike Monaco, Esq., Song Mondress; Cecelia M. Carter, SCERS; Anthony Smith, SCERS; Ben Kalman, SCERS, Beverly Yapp, SCERS; Steve Neubauer, SCERS; Selam Teklemariam, SCERS ; Lisa Carns, SCERS; Steve Viney, Retiree; Jim Taylor, ARSCE; Kory Hoggan; Lenee Jones; Tom Kirn, FAS; Patti Kieval, Local 17; Deanna Hobsan, Pugh Capital; Mike Moy, PCA.

Councilmember Godden, Chair absent from meeting. Mr. Rod Rich will chair meeting.

Meeting called to order at 9:02am.

**Public Comment:** *there being none*

## Minutes:

**Information:** Provided in the Retirement Board packet are the minutes from the October 5, 2011 Retirement Board Regular Meeting.

**Motion:** Upon motion by Bob Harvey, seconded by Glen Lee, the Retirement Board approved the minutes from the October 5, 2011 Retirement Board regular meeting.

## Ratification of Retired Payroll, Office Payroll, Other Payments and Withdrawals:

**Information:** The following items represent normal expenses and nothing extraordinary.

<b>Service</b>	\$9,459,874.86
<b>Beneficiary</b>	\$881,775.40
<b>Disability</b>	\$75,697.36
<b>Pension Payroll – PPE September 30, 2011</b>	<u>\$10,417,347.62</u>
<b>Office Payroll – PPE September 13 and 27, 2011</b>	<b>\$80,889.80</b>
<b>Vouchers Processed – September 30, 2011</b>	<b>\$151,443.04</b>
<b>*Expert and Consultant Services – \$68,151.32</b>	
<b>*Investment Management Fees – \$10,388.97</b>	
<b>*Interdepartmental Charges - \$56,764.56</b>	
<b>*Miscellaneous - \$16,138.19</b>	

**Immediate Withdrawals of Contributions for the month of October 2011:**

<b>MEMBER</b>	<b>Department Name</b>	<b>Position</b>
<b>(Beneficiary) Penny M Ervin</b>	<b>Deceased Ervin, Carl Wayne</b>	
Heiman, Jessica L	Parks	Lifeguard
Moubarak, Philippe	SDOT	Supvr Engr
Oliver, Teresa J	SPL	Children Librarian
Maynick, Jennifer D	SPD	Sr Police Tech
Goss, David G	FFD	Real Est Mgr
Black, Kristin S	SPD	Dispatcher 1
Barrett, Francis Chalmus	SCL	Power Disp
Finley, Robin M	DOH	Manager 3
Brown, Katrian T	Muni Court	Probat Screener
Byers, Thomas A	Parks	Security Spvr
Montgomery, Ruth Ann	SPD	Parking Enforce
Heffernan, Charles	FFD	Plan & Dev Spec Sr
Dela Rosa Rivera, Ruben F	SPU	Drainage Water Worker
Hearne, Emmanuel J	Parks	Lifeguard
Johnson, Pamela S	SCL	Director
Beazley, Robert B	Sea Ctr	HVAC Tech
O'Brien Eldredge, Sharon	SCL	Labor Relations Coord
<b>Estate of Robert Kondrak</b>		
<b>Haynes, Vicki M</b>	<b>Benef to Kenndy, Ann Marie</b>	
Hendricks, Jeffery S	Parks	Golf Courtse Tech

Bold entries above indicate refund payout made to beneficiary of a member dying while in active status.

**21 Withdrawals for a total of: \$533,820.34**

**Motion:** Upon motion by Glen Lee, seconded by Bob Harvey, the Board ratified the Retiree Payroll, Office Payroll, other Payments and Withdrawals.

**Ratification of Service Retirements:**

**Information:** The following list represents the retirements that have been processed since the last Retirement Board meeting.

Retiree	RetireDt	Years	Days	DeptName	Position	Age
Ancich, Martin P.	9/10/2011	13	37	DPD	Strucl Plans Engr Sr	65
Argudo, Luis A	10/4/2011	23	231	City Light	Strucl Iron Wkr	62
Atkins, Paralee I.	10/8/2011	26	110	City Light	Cblspl-Jrnywkr In Chg	55
Bell, Joe C.	9/14/2011	12	344	SDOT	Executive II	64
Brown, Judy L.	9/10/2011	29	188	Neighborhoods	Fin Anlyst, Asst	66
Chow, Selina H.	10/12/2011	30	209	Human Svcs	Manager III	62
Church-Nicholson Sharonlee	10/12/2011	21	346	Personnel	Personnel Anlyst Sr	67
Dunn, Bob P.	9/2/2011	5	1	Parks	Rec Attendant	65
Edrada, Oseterico H.	9/3/2011	12	269	Vested	Vested	62

Retiree	RetireDt	Years	Days	DeptName	Position	Age
Evans, Barbara J.	9/13/2011	21	142	Human Svcs	Program Intake Rep	68
Griffin, Carolyn	10/1/2011	3	219	Vested	Portability	65
Hatfield, Suzanne M.	10/4/2011	14	171	Law	Manager I	60
Hay, Anna V.	9/24/2011	8	248	Vested	Vested	63
Hillman, Nancy L.	10/4/2011	24	129	SPU	Acct Tech II	60
Howard, J. Midori	10/9/2011	13	296	Vested	Vested	63
Hwang, Michelle H	9/16/2011	20	357	FAS	Info Tech Prof B	57
Joy, Vicki L.	9/13/2011	5	174	Vested	Vested	62
Kain, John A.	10/5/2011	31	200	City Light	Elect Contr & Maint Supv	54
Kaiser, Charles W.	10/10/2011	13	178	Seattle Center	Janitor	65
Koenig, J. Victor	9/20/2011	21	189	City Light	Info Tech Prof B	59
Krestch, Michael J.	10/1/2011	14	242	Vested	Vested	60
McEnerney, Kevin M.	10/5/2011	20	353	Police	Pol Comm Dispatch I	55
Merz, William G.	9/7/2011	21	271	SPU	Info Tech Prof B	69
Nicholson, Bryan T.	9/3/2011	33	70	SPU	Civil Engr Sr	57
Rao, Vijaya B.	10/1/2011	4	97	Vested	Portability	66
Shahid, Barbara Susan	9/10/2011	23	151	City Light	Fin Anlyst Sr	59
Stratton, Rex W.	9/7/2011	28	339	SDOT	Civil Engr Sr	53
Welty, John P.	10/4/2011	11	240	DPD	Permit Process Lead	66
White, Susan A.	10/5/2011	25	170	FAS	Contract Analyst Supvr	63
Winslow, Mary T.	10/12/2011	27	43	City Light	Pwr Anlyst Sr	65

For the month of October: 30 new Members entered the System, 33 terminations, 30 Members retired in the System, 10 Members removed (\$15,309.18), 5 Option D/E continuations, 1 option C, and 4 option F reduction.

**Motion:** Upon motion by David Stewart, seconded by Lou Walter, the Retirement Board approved the service retirements listed above, pending final review.

### Ratification of Investment Transactions and Statement of Securities and Cash:

**Information:** Provided in the Retirement Board packet is the Investment Summary report that represents the transaction summary and the market value of the investments as of September 30, 2011.

Ms. Carter reported for the month of September the portfolio was down 5.55%. This compares to the S&P 500 which was down 7.33% and the Russell 3000 which was down 7.76% for the month of September 2011. SCERS portfolio outperformed the S&P by 148 basis points SCERS portfolio outperformed the Russell 3000 by 43 basis points. The SCERS portfolio was valued at \$1.688 billion dollars. Preliminary (unaudited) numbers show a reasonable rebound for the month of October 2011 which will be presented at the December Board meeting.

**Motion:** Upon motion by Rod Rich, seconded by Bob Harvey, the Retirement Board accepted the Investment Summary report.

### Investment Committee Report:

The next investment committee meeting is Thursday, November 17<sup>th</sup> from 9am – 3pm in the Retirement Office.

### **Investment Activity Requiring Board Ratification and/or Recognition**

#### **JP Morgan Alternative Property Fund**

Ms. Carter reported that JP Morgan offered SCERS the option to re-assign interest in JP Morgan Alternative Property Fund to a new real estate fund. The Investment Committee concurred with staff and recommended to the Board that SCERS staff not accept the offer.

**Motion:** Upon motion of Jean Becker, seconded by Glen Lee, the Board of Administration ratifies management's recommendation and action not to accept JP Morgan's offer to re-assign SCERS interest in the JP Morgan Alternative Property Fund to a new real estate fund.

#### **Private Equity Guidelines**

Ms. Carter reported that Mr. Neil Rue and Mr. Mike Moy with PCA were at the Investment Committee meeting October 27, 2011. The Investment Committee asked many questions and expressed concerns pertaining to Private Equity. The Committee will send outstanding questions to SCERS staff which will then be forwarded to PCA for response at the November 17, 2011 Investment Committee meeting.

Mr. Carlton Seu, Assistant City Attorney arrived at 9:40am

#### **Covered Calls Manager Search**

The Investment Committee recommended to the Board of Administration that they approve Parametric, Gateway, and Guggenheim as the three finalists for the Covered Calls presentations.

**Motion:** Upon motion of Glen Lee, seconded by Jean Becker, the Board of Administration approved the selection of Parametric, Gateway, and Guggenheim as the three finalists for Covered Calls manager presentations.

#### **Global Inflation-Linked Security Manager Search**

The Investment Committee recommended to the Board of Administration that they approve PIMCO, WAMCO and BlackRock as the three finalists for the Global Inflation-Linked Security manager presentations. However, SCERS staff recommended we invite Delaware Investments in lieu of BlackRock for presentations, due to staff's concern with manager concentration risk. BlackRock currently manages in excess of 20% of the SCERS portfolio.

**Motion:** Upon motion of Bob Harvey, seconded by David Stewart, the Board of Administration approved the selection of PIMCO, WAMCO, and Delaware Investments as the three finalists for Global Inflation-Linked Security manager presentations.

#### **Executive Director Report:**

Ms. Carter introduced new SCERS staff member, Mr. Ben Kalman, Strategic Advisor for Investments to the Board of Administration. She also introduced Deanna Hobsan, Director of Marketing and Client Services from Pugh Capital in the audience.

Ms. Carter also brought to the Board's attention that management learned operations staff has been providing ARSCE a list of retiree member names and date of deaths for publication in the ARSCE newsletter. Staff will discuss with legal what information can be provided to ARSCE.

#### **Status of Benefit Enhancements**

**Information:** The **estimated** current funding level of the Retirement Fund is 59.54% as of September 30, 2011 on a marked-to-market basis.

The above amount is an estimate calculated each month by the Retirement Office staff. As provided by Ordinance 120685, changes to the Floor COLA will occur once the funding level has reached at least 100% and has been confirmed by the Board after commissioning an actuarial valuation.

#### **New Business:**

**(1) Dashboard Reporting – September 30, 2011**

Mr. Smith and Mr. Akiyama of SCERS staff presented reports to the Board. The 2011 COLA will be included on the November 30, 2011 check. Questions and dialogue pursued.

**(2) Interim Financial Statements for September 30, 2011**

Mr. Akiyama of SCERS staff presented financial statement to the Board. Questions and dialogue pursued.

**(3) Disability Retirement Review: Ms. Katherine Bursett and Mr. David Armstrong**

The Disability Committee which included Mr. Rod Rich, Mr. David Stewart, Ms. Jean Becker, along with Ms. Cecelia Carter, and Mr. Carlton Seu met October 20, 2011. The committee reviewed each evaluation and recommended to the Board of Administration that Mr. David Armstrong's Disability Retirement request be approved per SMC 4.36.220. The committee recommended that Ms. Katherine Bursett's Disability Retirement request not be approved per SMC 4.36.220. A copy of the Seattle Municipal Code Section 4.26.220 as of November 2, 2011 is hereby incorporated into these minutes by reference.

**Motion:** Upon motion by David Stewart, seconded by Glen Lee, the Retirement Board approved the disability retirement for Mr. David Armstrong.

**Motion:** Upon motion by Bob Harvey, seconded by Glen Lee, the Retirement Board does not approve the disability retirement for Ms. Katherine Bursett. Mr. Harvey, Mr. Lee, Mr. Rich, Mr. Stewart, Ms. Becker voted yeah. Mr. Walter voted nah. The motion passed.

#### **Old Business:**

**(1) Items to Discuss**

- Investment Policy Guidelines
  - Hedge Funds – on hold

**(2) Interdepartmental Team (IDT) Retirement Study (due to City Council Mid-2012 Budget)**

An updated report will be given at the December meeting.

**The Board reserves the right to enter into executive session if necessary**

#### **Adjournment:**

**Motion:** Upon motion by Jean Becker, seconded by Glen Lee, the Retirement Board voted to adjourn the meeting at 10:40 am.

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David L. Stewart, Secretary